

IC 21-2-11.5

Chapter 11.5. School Transportation Fund

IC 21-2-11.5-1

Definitions

Sec. 1. As used in this chapter:

"School corporation" means any public school corporation established by and under the laws of the state. The term includes but is not necessarily limited to any school city, school township, consolidated school corporation, metropolitan school district, township school corporation, county school corporation, united school corporation, or community school corporation.

"Governing body" means any township trustee and the township board of a school township, any board of school commissioners, any metropolitan board of education, any board of trustees, or any other board or commission charged by law with the responsibility of administering the affairs of a school corporation.

As added by Acts 1979, P.L.208, SEC.4. Amended by P.L.8-1987, SEC.68.

IC 21-2-11.5-2

Establishment of school transportation fund and school bus replacement fund; purpose; costs; exempted expenses; designation of payable expenditures

Sec. 2. (a) Each calendar year, the governing body of each school corporation shall establish a school transportation fund which shall be the exclusive fund used by the school corporation for the payment of costs attributable to transportation listed in subdivisions (1) through (7), as authorized under IC 20, of school children during the school year ending in the calendar year:

- (1) The salaries paid bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation-related employees.
- (2) Contracted transportation service, other than costs payable from the school bus replacement fund under subsection (e).
- (3) Wages of independent contractors.
- (4) Contracts with common carriers.
- (5) Pupil fares.
- (6) Transportation-related insurance.
- (7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses.

(b) The governing body of each school corporation shall establish a school bus replacement fund. The school bus replacement fund shall be the exclusive fund used to pay the following costs attributable to transportation:

- (1) Amounts paid for the replacement of school buses, either through a purchase agreement or under a lease agreement.
- (2) The costs of contracted transportation service payable from

the school bus replacement fund under subsection (e).

(c) Beginning January 1, 1996, portions, percentages, or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the school transportation fund.

(d) Costs for a calendar year are those costs attributable to transportation for school children during the school year ending in the calendar year.

(e) Before the last Thursday in August in the year preceding the first school year in which a proposed contract commences, the governing body of a school corporation may elect to designate a portion of a transportation contract (as defined in IC 20-9.1-1-8), fleet contract (as defined in IC 20-9.1-1-8.2), or common carrier contract (as defined in IC 20-9.1-1-9) as an expenditure payable from the school bus replacement fund. An election under this section must be made in a transportation plan approved by the department of local government finance under section 3.1 of this chapter. The election applies throughout the term of the contract. The amount that may be paid from the school bus replacement fund in a school year is equal to the fair market lease value in the school year of each school bus, school bus chassis, or school bus body used under the contract, as substantiated by invoices, depreciation schedules, and other documented information available to the school corporation. The allocation of costs under this subsection to the school bus replacement fund must comply with the allocation guidelines adopted by the department of local government finance and the accounting standards prescribed by the state board of accounts.

As added by Acts 1979, P.L.208, SEC.4. Amended by P.L.121-1984, SEC.2; P.L.25-1995, SEC.72; P.L.53-1996, SEC.4; P.L.96-2000, SEC.4; P.L.1-2001, SEC.26; P.L.90-2002, SEC.424.

IC 21-2-11.5-3

Property tax levy; school transportation fund

Sec. 3. (a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

(1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and

(2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) For each year after 2003, the levy for the fund may not exceed the levy for the previous year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year, multiplied by the assessed value growth

quotient determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(c) Each school corporation may levy for the calendar year a tax for the school bus replacement fund in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter.

(d) The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.

As added by Acts 1979, P.L.208, SEC.4. Amended by P.L.121-1984, SEC.3; P.L.25-1995, SEC.73; P.L.53-1996, SEC.5; P.L.96-2000, SEC.5; P.L.90-2002, SEC.425; P.L.192-2002(ss), SEC.162; P.L.1-2004, SEC.59 and P.L.23-2004, SEC.61.

IC 21-2-11.5-3.1

School bus replacement fund; adoption of plan; requisites; amendments

Sec. 3.1. (a) This subsection does not apply to a school corporation located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), unless a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect. Before a governing body may collect property taxes for the school bus replacement fund in a particular calendar year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year:

(1) conduct a public hearing on; and

(2) pass a resolution to adopt;

a plan under this section.

(b) This subsection applies only to a school corporation located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000). This subsection does not apply to the school corporation if a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect. Before the governing body of the school corporation may collect property taxes for the school

transportation fund's school bus replacement account in a particular calendar year, the governing body must, after January 1 and on or before February 1 of the immediately preceding year:

- (1) conduct a public hearing on; and
- (2) pass a resolution to adopt;

a plan under this section.

(c) The department of local government finance shall prescribe the format of the plan. A plan must apply to at least the ten (10) budget years immediately following the year the plan is adopted. A plan must at least include the following:

(1) An estimate for each year to which it applies of the nature and amount of proposed expenditures from the transportation fund's school bus replacement fund.

(2) A presumption that the minimum useful life of a school bus is not less than ten (10) years.

(3) An identification of:

(A) the source of all revenue to be dedicated to the proposed expenditures in the upcoming budget year; and

(B) the amount of property taxes to be collected in that year and the unexpended balance to be retained in the fund for expenditures proposed for a later year.

(4) If the school corporation is seeking to:

(A) acquire; or

(B) contract for transportation services that will provide; additional school buses or school buses with a larger seating capacity as compared to the number and type of school buses from the prior school year, evidence of a demand for increased transportation services within the school corporation. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement fund.

(5) If the school corporation is seeking to:

(A) replace an existing school bus earlier than ten (10) years after the existing school bus was originally acquired; or

(B) require a contractor to replace a school bus; evidence that the need exists for the replacement of the school bus. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement fund.

(6) Evidence that the school corporation that seeks to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (4) or for replacement purposes.

(d) After reviewing the plan, the department of local government finance shall certify its approval, disapproval, or modification of the plan to the governing body and the auditor of the county. The department of local government finance may seek the recommendation of the school property tax control board with respect to this determination. The action of the department of local government finance with respect to the plan is final.

(e) The department of local government finance may approve appropriations from the transportation fund's school bus replacement

fund only if the appropriations conform to a plan that has been adopted in compliance with this section.

(f) A governing body may amend a plan adopted under this section. When an amendment to a plan is required, the governing body must declare the nature of and the need for the amendment and must show cause as to why the original plan no longer meets the transportation needs of the school corporation. The governing body must then conduct a public hearing on and pass a resolution to adopt the amendment to the plan. The plan, as proposed to be amended, must comply with the requirements for a plan under subsection (c). This amendment to the plan is not subject to the deadlines for adoption described in subsection (a) or (b). However, the amendment to the plan must be submitted to the department of local government finance for its consideration and is subject to approval, disapproval, or modification in accordance with the procedures for adopting a plan set forth in this section.

(g) If a public hearing is scheduled under this section, the governing body shall publish a notice of the public hearing and the proposed plan or amendment to the plan in accordance with IC 5-3-1-2(b).

As added by P.L.25-1995, SEC.74. Amended by P.L.53-1996, SEC.6; P.L.50-1996, SEC.10; P.L.6-1997, SEC.189; P.L.6-1997, SEC.190; P.L.96-2000, SEC.6; P.L.1-2001, SEC.27; P.L.178-2001, SEC.5; P.L.90-2002, SEC.426; P.L.177-2002, SEC.12.

IC 21-2-11.5-4

Receipt and disbursement of funds

Sec. 4. In addition to property tax collections, receipts available for school transportation from any other revenue source, including, but not limited to, state distributions for transportation under IC 21-3-3.1, shall be received in and disbursed from the school transportation fund to pay those transportation costs described in section 2 of this chapter. An expenditure may only be made if it has been provided for in the school corporation's annual budget or by an additional appropriation under IC 6-1.1-18-5.

As added by Acts 1979, P.L.208, SEC.4.

IC 21-2-11.5-5

Transfer to general fund

Sec. 5. (a) The governing body of a school corporation may adopt a resolution to transfer after June 30, 2002, and before January 1, 2003, money that is:

- (1) not greater than the remainder of the amount described in IC 21-3-1.7-8.2(b) STEP TWO (C) minus the amount transferred under IC 21-2-4-7(a) and IC 21-2-15-13.1(a); and
- (2) on deposit in the school corporation's:
 - (A) transportation fund;
 - (B) school bus replacement fund; or
 - (C) both the transportation fund and school bus replacement fund;

to the school corporation's general fund for use for any general fund purpose.

(b) The governing body of a school corporation may adopt a resolution to transfer after December 31, 2002, and before July 1, 2003, money that is:

(1) not greater than the remainder of the amount described in IC 21-3-1.7-8.2(b) STEP TWO (D) minus the amount transferred under IC 21-2-4-7(b) and IC 21-2-15-13.1(b); and

(2) on deposit in the school corporation's:

(A) transportation fund;

(B) school bus replacement fund; or

(C) both the transportation fund and school bus replacement fund;

to the school corporation's general fund for use for any general fund purpose.

(c) This section expires July 1, 2003.

As added by P.L.178-2002, SEC.90. Amended by P.L.224-2003, SEC.146.

IC 21-2-11.5-6

Transfers among funds

Sec. 6. A school corporation may transfer money to or from the school transportation fund under IC 21-2-11-4(c).

As added by P.L.224-2003, SEC.147.